

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Monday, June 23, 2014 at the hour of 8:00 A.M., at 1900 West Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

## **I. Attendance/Call to Order**

Chairman Muñoz called the meeting to order.

Present: Chairman Luis Muñoz, MD, MPH and Director Carmen Velasquez (2)

Directors Lewis M. Collens and Ada Mary Gugenheim

Gerald Bauman (non-Director Member)

Absent: Director Reverend Calvin S. Morris, PhD (1)

Additional attendees and/or presenters were:

Cathy Bodnar – System Chief Compliance and Privacy Officer  
John Cookinham – System Chief Financial Officer  
Donald Croswell – Washington, Pittman & McKeever, LLP  
Randolph Johnston – System Associate General Counsel  
Patrick Kitchen - McGladrey LLP (telephonically)

Gladys Lopez – Chief of Human Resources  
Elizabeth Reidy – System General Counsel  
Deborah Santana – Secretary to the Board  
Thomas Schroeder – System Director of Internal Audit  
Steve Sehy - McGladrey LLP  
John Jay Shannon, MD – Interim Chief Executive Officer and Chief of Clinical Integration

## **II. Public Speakers**

Chairman Muñoz asked the Secretary to call upon the registered public speakers.

The Secretary called upon the following registered public speaker:

1. George Blakemore      Concerned Citizen

## **III. \*\*Report from System Corporate Compliance and Privacy Officer** (Attachment #1)

Cathy Bodnar, System Corporate Compliance and Privacy Officer, presented her report containing updates on the following subjects: Issue Breakdown by Category; Status Report – Work Plan Activities; Inpatient DRG Project and Review; and Health Information Management Plan. The Committee reviewed and discussed the information.

Director Velasquez inquired regarding the information provided on reactive Compliance issues; she asked if Ms. Bodnar could provide the total number of issues that were substantiated. Ms. Bodnar responded that she can provide that information for this fiscal year at the next Committee meeting<sup>1</sup>.

**III. \*\*Report from System Corporate Compliance and Privacy Officer (continued)**

Ms. Bodnar noted that, as of July 1<sup>st</sup>, the County MCCN will be in effect. There is a lot of work needed to be done to build a managed care compliance program; staff are actively working on this, and they are partnering with the System's third party administrator (TPA), IlliniCare, and their compliance officer, to make sure that the full breadth of what is needed for the compliance program is in place on the System's side and on the IlliniCare/Centene side, as well. Ms. Bodnar added that, in early 2010, an Audit and Compliance Committee Charter was developed; this Charter has not been re-evaluated since its creation. She stated that, at the next Committee meeting, the Charter will be presented for discussion and for determination of whether or not any additions or modifications are needed<sup>2</sup>.

Chairman Muñoz noted the importance of the understanding by CountyCare management and staff that the compliance component resides within this Committee, and that the structure of the compliance has to be built under Ms. Bodnar's direct oversight; she will need to have direct oversight of this component, as she reports to this Committee and Chair on the outcomes of her compliance activities and monitoring.

Ms. Bodnar stated that, internally, the Executive Director of Managed Care, Steven Glass, is well aware of the relationship that Corporate Compliance has with the Board and this Committee. She stated that he is extremely supportive, and they speak on a regular basis about compliance. Similarly, with regard to IlliniCare, she stated that one of the things she has started to do is have regular conference calls with their compliance officer, Jeffery Torres; she noted that she recently suggested that he attend one of the Committee's meetings.

With regard to the information provided on the Coding Assessment, under the Status Report of Work Plan Activities, Director Collens asked for further information on the consequences of miscoding. John Cookinham, System Chief Financial Officer, stated that the System is paid on a per-diem basis by its largest payer, Medicaid; in these cases, the code assigned to it does not affect the ultimate payment, but the coding, if it is inappropriate, could affect the case if it is used to determine that services were not medically necessary. The System could get a denial on that basis if the coding is inadequate. Under CountyCare, during the waiver period, the System is paid on a per-member per-month basis (PMPM); that coding needs to be accurate because that data is used to build the information for negotiation of rates. Medicare pays the System on the basis of diagnosis-related group (DRG) assignment and that coding; if it is inaccurate, it will produce the wrong payment. Dr. John Jay Shannon, Interim Chief Executive Officer and Chief of Clinical Integration, provided additional information. In addition to affecting the reimbursement of services, which is important, coding accuracy is also important because it relates to external reporting, both at an institutional level and on an individual performance level.

**IV. Recommendations, Discussion/Information Items**

**A. \*\*CCHHS Audited Financial Statements**

- i. CCHHS Financial Statements, for the year ended November 30, 2013
- ii. CCHHS Management Letter, for the year ended November 30, 2013
- iii. Required Communications – Report relating to the CCHHS Financial Statements, for the year ended November 30, 2013

**B. \*\*Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2013**

Pat Kitchen, of McGladrey LLP, reviewed the information contained in the Report relating to the audit of the CCHHS Financial Statements, for the year ended November 30, 2013. The Committee discussed the information.

#### **IV. Recommendations, Discussion/Information Items (continued)**

With regard to the issues described in the Report relating to the CountyCare analysis and financial reporting, Mr. Cookinham stated that, through the audit process, a lot was learned. He provided information relating to the audit adjustment to reduce the accrued CountyCare revenue. He stated that the System receives a payment file and some files that suggest who is eligible from the State. Staff had originally been told that if people appear on a list in the prior month, then that was paid for in the subsequent month. For example, when the System received \$33 million in December, it was believed that everything received on that file for November was for 2013, so the \$33 million was accrued as a 2013 item. However, when the file was examined, payments for December were included in there, which would be 2014. As the State resolves the backlog of applications that have been submitted, and the System has greater history of these things, he believes that the System will have few problems in those areas in the future.

Mr. Cookinham stated that, given the size of the CountyCare program and its impact on the System's finances, this has been an evolutionary process. A lot of improvements have been made over the last year, and there are areas for improvement. All of the measurement tools need to be in place, and, in any capitated program, there are also some other controls that have to be put in place. At the Finance Committee, an initial estimate of the first six months of the operation of CountyCare in 2014 was presented. As indicated in the Report, the plan is to provide some monthly financial information to the Finance Committee and to the County, in terms of CountyCare operations.

Chairman Muñoz indicated that, from this Committee's perspective, he wanted to encourage staff to work closely with Tom Schroeder, System Director of Internal Audit, to ensure that the internal controls are fixed and that these new procedures and database systems are aligned to track the data.

Dr. Shannon noted that he believes that the challenges outlined in the Report are going to be one shade more complex in the current fiscal year; as the System is transitioning from its historical or legacy TPA, and coming on board for the last five months of the current fiscal year with a new TPA, there are going to be a lot of moving parts.

Steve Sehy, of McGladrey LLP, reviewed the CCHHS Financial Statements, for the year ended November 30, 2013. During the review, Mr. Cookinham provided additional information regarding the advance of \$30 million from the State of Illinois in 2013. This had been set up for the System to receive some funds early from the State to help finance this process, because the State was in fact quite far behind in processing applications. It was always planned that the advance would be returned to the State; the System returned the \$30 million in early June.

Donald Crosswell, of Washington, Pittman & McKeever, LLP, reviewed the information relating to the System contained in the Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2013. The Committee discussed the information.

Director Velasquez, seconded by Chairman Muñoz, moved to receive and file the reports contained in Section IV.A. and IV.B. THE MOTION CARRIED UNANIMOUSLY.

**At the June 27, 2014 CCHHS Board of Directors Meeting, the Minutes of this Audit and Compliance Committee Meeting were approved, with the exception of the CCHHS Audited Financial Statements documents under Section IV.A. That action relating to that item/documents was deferred. The item/documents under Section IV.A. will be placed on the Agenda of the July 27<sup>th</sup> Board of Directors Meeting for review and discussion in a closed meeting.**

**V. Action Items**

**A. Minutes of the Audit and Compliance Committee Meeting, March 12, 2014**

Director Velasquez, seconded by Chairman Muñoz, moved to accept the minutes of the Audit and Compliance Committee Meeting of March 12, 2014. THE MOTION CARRIED UNANIMOUSLY.

**B. Any items listed under Sections IV, V and VI**

**VI. Closed Meeting Items**

**A. \*\*CCHHS Audited Financial Statements**

- i. CCHHS Financial Statements, for the year ended November 30, 2013
- ii. CCHHS Management Letter, for the year ended November 30, 2013
- iii. Required Communications – Report relating to the CCHHS Financial Statements, for the year ended November 30, 2013

**B. \*\*Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2013**

**C. Report from System Director of Internal Audit**

**D. \*\*Report from System Corporate Compliance Officer**

**E. Discussion of Personnel Matters**

Director Velasquez, seconded by Chairman Muñoz, moved to recess the open meeting and convene into a closed meeting, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding “the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity,” and 5 ILCS 120/2(c)(29), regarding “meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America.” THE MOTION CARRIED UNANIMOUSLY.

Chairman Muñoz declared that the closed meeting was adjourned. The Committee reconvened into the open meeting.

**VII. Adjourn**

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,  
Audit and Compliance Committee of the  
Board of Directors of the  
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Luis Muñoz, MD, MPH, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Deborah Santana, Secretary

---

<sup>1</sup> Follow-up: for next Committee Meeting, provide the total number of reactive Compliance issues that were substantiated for this fiscal year. Page 1.

<sup>2</sup> Follow-up: for next Committee Meeting, Audit and Compliance Committee Charter to be presented for review and discussion. Page 2.

Cook County Health and Hospitals System  
Audit and Compliance Committee Meeting Minutes  
June 23, 2014

ATTACHMENT #1

# Corporate Compliance Report

Cathy Bodnar, MS, RN, CHC  
Chief Compliance & Privacy Officer

June 23, 2014



# Meeting Objectives

To review the Fiscal Year-to-Date Activity within Corporate Compliance

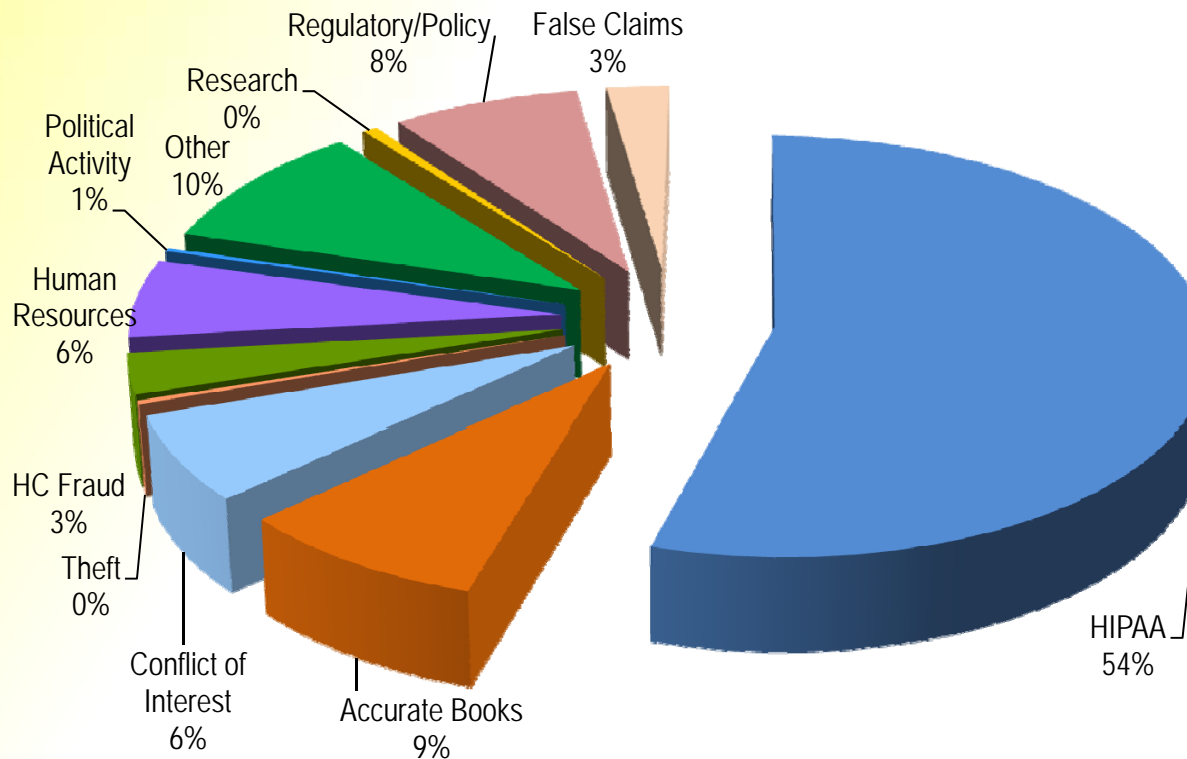
- Submit and File 1<sup>st</sup> and 2<sup>nd</sup> Quarter Reactive Issues
- Report the Status of 2014 Work Plan Activities





# Issue Breakdown by Category

348\* Reactive Corporate Compliance Issues Were Raised in the 1<sup>st</sup> & 2<sup>nd</sup> Quarter 2014



Volumes continue to increase.

There has been a 69% ↑ compared to the 1<sup>st</sup> and 2<sup>nd</sup> Quarter last year.

## Category Count\*

Privacy (HIPAA)	189	Conflict of Interest	23	False Claims	9	Theft	1
Accurate Books	30	Human Resources	21	Research	2	Other	34
Regulatory/Policy	27	HC Fraud	11	Political Activity	1		

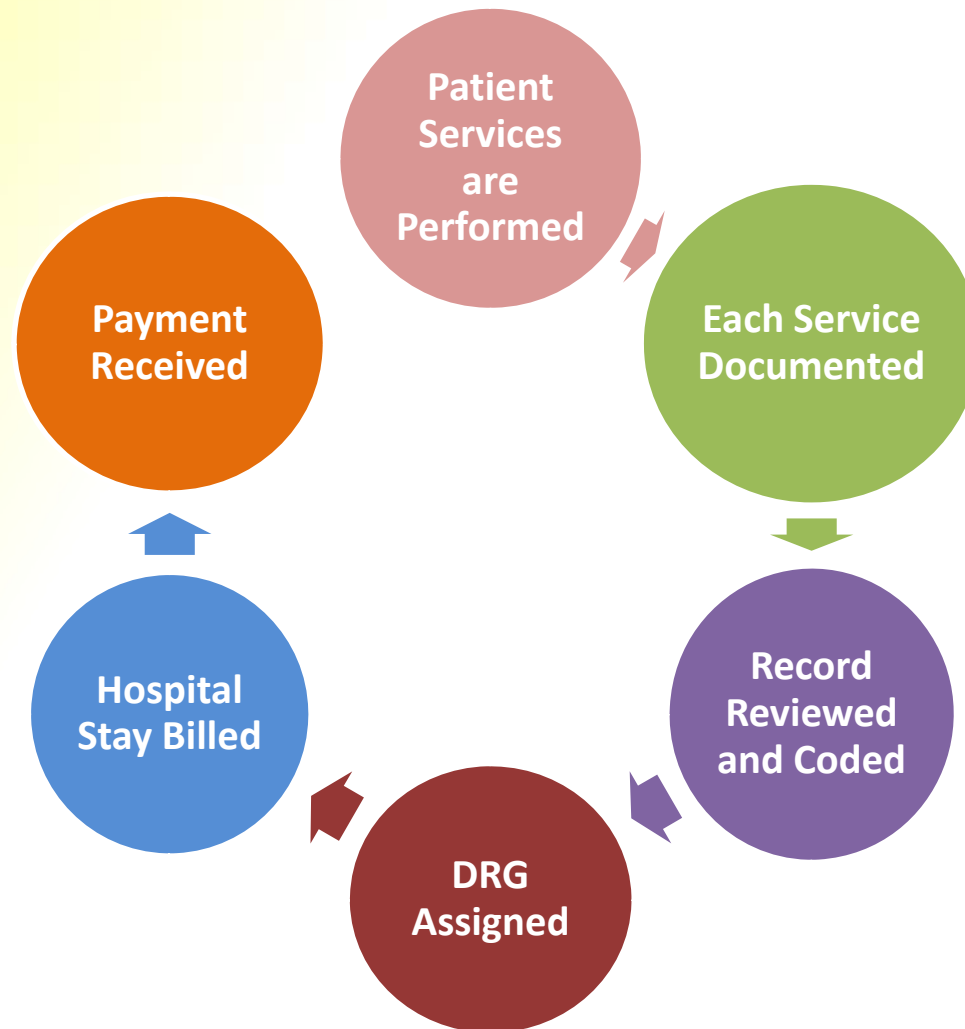
\* This is a total count of the issues raised to Corporate Compliance. Not all issues are validated/substantiated.



# Status Report – Work Plan Activities

<b>Coding Assessment</b>	
Inpatient DRG Assignment	Completed
Outpatient CPT Assignment	Planned
<b>Conflict of Interest Survey Development and Roll Out</b>	
Accounting of Disclosures	Roll Out Completed
Dual Employment	Roll Out Completed
<b>Education</b>	
Transition System-wide Annual Education (Safety, Infection Control, Communication, and Compliance) from Corporate Compliance	In Process
Develop Updated Annual Compliance Education Modules	In Process
<b>Managed Care</b>	
Regulatory Requirement to Implement a Compliance Program	In Process
<b>Guide the Institutional Review Board on Privacy Matters</b>	Planned
<b>Monitor Advanced Beneficiary Notice Compliance</b>	Planned
<b>Monitor ICD-10-CM/PCS Documentation Quality</b>	Regulatorily Delayed

# Inpatient DRG Assignment



# Inpatient DRG Project Objectives

## Goal:

To assess the accuracy of coding leading to DRG assignment through a coding review.

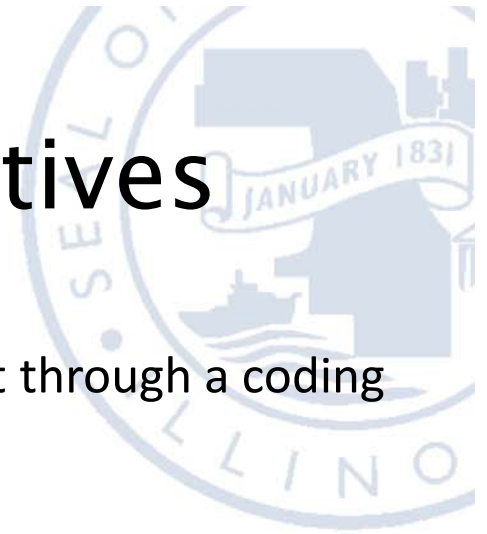
## Scope:

Review activity at John H. Stroger, Jr. Hospital and Provident Hospital

- Identify a timeframe
- Identify the top 10 DRGs at John H. Stroger, Jr. Hospital
- Identify the top 5 DRGs at Provident Hospital
- Engage an external coding expert to perform a probe review

## Sample Size:

- Date Parameters – November and December 2013
- Sample Size John H. Stroger, Jr. Hospital – 100 Inpatient Records
- Sample Size Provident Hospital – 25 Inpatient Records



# Top Inpatient DRGs

Date Parameters: November – December 2013

Top 10 DRGs - John H. Stroger, Jr. Hospital		
DRG #	Description	Volume
392	Esophagitis, Gastroent & Misc Digest Disorders w/o MCC	100
313	Chest Pain	91
603	Cellulitis w/o MCC	85
743	Uterine Adnexa Proc for Non-Maligancy w/o CC/MCC	76
775	Vaginal Delivery w/o Complicating Diagnosis	68
794	Neonate w Other Significant Problems	59
812	Red Blood Cell Disorders w/o MCC	49
690	Kidney & Urinary Tract Infections w/o MCC	48
192	Chronic Obstructive Pulmonary Disease w/o CC/MC	44
292	Heart Failure & Shock w CC	43
Top 5 DRGs – Provident Hospital		
313	Chest Pain	41
292	Heart Failure & Shock w CC	16
293	Heart Failure & Shock w/o CC/MCC	14
195	Simple Pneumonia & Pluerisy w/o CC/MCC	12
743	Uterine Adnexa Proc for Non-Maligancy w/o CC/MCC	10

CC - Complications or Comorbidities

MCC - Major Complications or Comorbidities



# Results of DRG Review

John H. Stroger, Jr. Hospital				Provident Hospital			
Element	Target	Accuracy	Result	Element	Target	Accuracy	Result
DRG Change	95%	84%	●	DRG Change	95%	96%	●
Principal Diagnosis	95%	86%	●	Principal Diagnosis	95%	100%	●
Complication/Comorbidity	95%	98%	●	Complication/Comorbidity	95%	88%	●
Missing Diagnosis	95%	93%	●	Missing Diagnosis	95%	88%	●
Unspecified Diagnosis	95%	98%	●	Unspecified Diagnosis	95%	96%	●
Wrong Diagnosis	95%	97%	●	Wrong Diagnosis	95%	100%	●
Missing Procedure	95%	96%	●	Missing Procedure	95%	100%	●
Wrong Procedure	95%	99%	●	Wrong Procedure	95%	100%	●
Sequencing	95%	99%	●	Sequencing	95%	100%	●
Disposition	95%	91%	●	Disposition	95%	100%	●

# Health Information Management Plan

## Operational Next Steps:

- Review and Re-Educate Coding Staff
- Monitor Coder Performance through External Consultants
- Ongoing Monitoring of Individual Coding Performance